



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: May 17, 2011

TO: Mayor and Councilmembers

FROM: Engineering Division, Public Works Department

SUBJECT: Increase In Construction Change Order Authority For The Santa Barbara Airport Airline Terminal Improvement Project

RECOMMENDATION: That Council:

- A. Authorize an increase in the Public Works Director's change order authority to approve expenditures for extra work for the Santa Barbara Airport Airline Terminal Improvement Project (Project), Contract No. 23,006, in the amount of \$1,270,000, to cover changes in work as a result of Transportation Security Administration (TSA) and airline tenants' requests, for a total Project change order expenditure authority of \$4,710,000; and
- B. Approve a transfer of \$248,000 from the Airport's Bond Construction Account, representing accumulated interest earnings on invested bond proceeds during construction, to the Airport Capital Fund to provide the balance of appropriations needed to cover the total estimated costs of the Project, including the increased change order.

DISCUSSION:

BACKGROUND

On March 24, 2009, Council awarded a contract for construction of the Project to Emma Corporation of Santa Monica, California, in the amount of \$32,858,000. The work includes construction of a new 72,000 square foot terminal building, demolition of a portion of the existing terminal, and relocation and rehabilitation of the historic 1942 Airport Terminal core. The work also includes construction of necessary site work, landscaping, parking lots, terminal aircraft parking apron, and vehicular access.

CURRENT STATUS

Construction on the Project commenced on November 2, 2009, and the original completion date was November 1, 2011. The completion date is now anticipated to be February 27, 2012, due to weather related delays and changes in the scope of work.

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The Project is currently 68 percent complete, and 86 percent of the previously authorized change order funds have been expended.

There have been 10 contract change orders to date for the Project. Each contract change order contains several separate change order requests. There have been 213 change order requests that have been successfully negotiated between the contractor and City staff, for a total of \$2,958,290. The original change order allowance was \$3,440,000, leaving a remaining change order allowance to date of \$481,710.

The change order requests cover various trades and disciplines (electrical, mechanical, structural, etc.); a summary of the type of requests is provided in the table below. The requests are divided into four categories: Changed Field Conditions, TSA and Airline Tenant Requested Changes, Drawing Clarification Revisions, and Airport Requested Changes.

Changed Field Conditions	TSA and Airline Tenant Requested Changes	Drawing Clarification Revisions	Airport Requested Changes	Change Order Expenditures To Date
\$285,897	\$1,270,000	\$1,125,725	\$276,668	\$2,958,290

A changed field condition is simply a condition that existed on the site that was unknown by the contractor at bid time. For instance, while installing building footings and light standards, high groundwater was encountered that caused the footing size to be increased, thus adding cost to the Project.

TSA and airline tenant requested changes are changes to the contract work made at the request of the TSA, and airline tenants. An example of an airline tenant change was an airline-operational space change due to airlines leaving (Express Jet), and coming (Frontier) to the Airport after the Project was bid. Another example was multiple revisions made to the layout of the TSA baggage screening and passenger screening rooms, in order to accommodate changes in TSA mandated equipment that will be operational at Santa Barbara Airport. These changes had significant impacts to the electrical, telecom, and plumbing systems in the TSA spaces of the building.

Drawing clarification revisions are changes to the drawings that need to be made in order to construct the Project. These are clarifications and added detail to the plans that make it possible for the contractor to construct the work as intended. In a project this size, there are numerous areas where the contractor asks for clarification of the plans. Clarifications from the architect or engineer can lead to increased cost for the contractor. An increase in cost due to a clarification is negotiated by City staff and then included in the contract as a change order. Typical examples of drawing clarification revisions are modifications to paging devices at passenger boarding gates, and changes to the fire sprinkler system in order to run the fire sprinkler piping through the ceiling beams instead of below the ceiling beams.

Airport requested changes are changes requested by the Airport Department to meet operational needs. Typical examples of these changes are changing the type of door locks, and modifications to the photovoltaic system.

INCREASE IN CHANGE ORDER AUTHORITY

Due to the fact that the Project is 68 percent complete, yet 86 percent of the change order allowance has been expended, staff is recommending that Council increase the construction change order authority for this Project. The increase of \$1,270,000 is needed to offset the cost of unanticipated changes stemming from TSA and airline tenant requested changes. This will cover more typical change order items and additional changes that may occur during the balance of the Project, which involves relocating and rehabilitating the core portion of the original Airline Terminal. This building is known to have both dry rot and termite infestation, and the full extent of the structural damage will only be known once construction commences.

BUDGET/FINANCIAL INFORMATION:

FUNDING

The following summarizes the additional expenditures recommended in this report:

CONSTRUCTION CONTRACT FUNDING SUMMARY

	Base Contract	Change Order	Total
Initial Contract Amount	\$32,858,000	\$3,440,000	\$36,298,000
Proposed Increase	-0-	\$1,270,000	\$1,270,000
TOTALS	\$32,858,000	\$4,710,000	\$37,568,000

The following summarizes all Project design costs, construction contract funding, and other Project costs.

ESTIMATED TOTAL PROJECT COST

**Cents have been rounded to the nearest dollar in this table.*

Design	Subtotal	\$9,118,214
Construction Contract		\$32,858,000
Construction Change Order Allowance		\$4,710,000
Construction Management/Inspection (by City Staff)		\$316,211
Construction Management (by Contract)		\$4,390,190
Construction	Subtotal	\$42,274,401
Project Total		\$51,392,615

The Airline Terminal Project currently has \$1,022,000 in appropriated funds available to cover all but \$248,000 of the increased change order request. The funds were appropriated in the Airport Terminal Project account as a contingency and are now available to cover most of the change order increase requested.

Staff recommends the balance of \$248,000 be funded from accumulated interest in the bond construction account, which currently totals \$263,000. This will provide a total of \$1,270,000 in appropriations to cover the increase in change order authority.

PREPARED BY: Owen Thomas/Principal Civil Engineer/LR/sk

SUBMITTED BY: Christine F. Andersen, Public Works Director

APPROVED BY: City Administrator's Office